



## NOTICE OF RULEMAKING: PROPOSED CHANGES TO THE PERFORMANCE PAY SYSTEM

With the passage of the Total Compensation Act, the DPA Division of Human Resources (DHR) established an advisory task force to provide input on how the system could best be integrated with the state's philosophy to create a total compensation system that maximizes the state's investment in its workforce. A five-year strategy to achieve a true cafeteria style total compensation package for employees includes making performance awards meaningful and using such awards as the mechanism for moving employees upwards within salary ranges.

Using these precepts, DHR staff identified the following key issues for the task force to review: departments' varying performance cycles; the wide variation in award percentages and rating distributions; and, the miniscule awards at many departments. These issues not only stood out to the task force as hindrances in integrating the performance pay system with total compensation, but they also coincided with several of the key complaints from employees about the system. Based on the advisory task force's input and further review by DHR staff, DHR Director Jeff Schutt, and DPA Executive Director Jeff Wells, DPA is proposing the following changes to the performance pay system:

- 1) Creating a common statewide performance cycle that ends on March 31;
- 2) Reducing the number of performance rating levels from four to three by combining the current Level 2 and Level 3 into a "Met Expectations" Level;
- 3) Establishing statewide award percentage ranges, known as Performance Salary Adjustments, and issued by the State Personnel Director and published in the annual compensation report
  - a. Statewide base-building awards up to pay-range maximum for all employees rated as Met Expectations,
  - b. Statewide awards for those rated as Excellent, and as under current policy, any portion of the award that exceeds range maximum would be a non base-building award; and,
- 4) Expanding Director's Administrative Procedure to include various in-range salary movements.

The official notice of these proposed performance pay system changes and other rules changes is available at [www.colorado.gov/dpa/dhr](http://www.colorado.gov/dpa/dhr). The hearing is set for Thursday, February 5, 2004, from 9 am - 12 pm at 1313 Sherman, Rm 318. For more information contact Pat Romero at 303-866-5383 or [pat.romero@state.co.us](mailto:pat.romero@state.co.us).